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Micro-lending for a Brighter Future

August 30, 2010

A confluence of events has led me to my focus for this column. Firstly, I have been frustrated for years with the difficulty that students and recent graduates have in raising small amounts of money to start entrepreneurial businesses both in the United Kingdom and now in the US. Lack of credit history (or lack of a good credit history) and lack of collateral usually create particular barriers to graduate entrepreneurship, despite evidence that this form of entrepreneurial activity can have attractive benefits (Google; Facebook; Microsoft; Twitter etc...). Secondly, I recently attended an event hosted by the Technical College of the Low Country in South Carolina that demonstrated to me the continuing economic challenges that some rural counties have in this part of the country. Finally, while attending the above event and carrying my ongoing frustrations with the finance industry I happened to read Muhammad Yunis' book *Banker to the Poor*, which focuses on his micro-lending approach and the history of the Grameen Bank in Bangladesh.

Well what can I say, I am without doubt a micro-lending convert and I can see its real merits for supporting both student-led entrepreneurial activity and for supporting entrepreneurship in rural locations. Yunis' basic philosophy is both inspiring and surprising. The basic premise behind his approach to poverty is that charity and grants are no solution, that such approaches take the initiative away from the poor and only appease our (middle-class) consciences. He argues that massive state bureaucracies have been created to look after the poor, have consumed excessive tax and have failed. Instead he argues (and has good experience to back it up) all humans are inherently entrepreneurial, even in the deepest poverty if given an opportunity they will take initiative, develop enterprises and look after themselves. The real issue in addressing poverty for Yunis is creating a level playing field, changing the institutional frameworks that keep people in poverty. The Grameen Bank did exactly this by upending some of the key principles of banking. Through this lens the traditional approach to banking discriminates against those who are less well off in society. The accepted tenets of the banking system as we know it does not create 'free enterprise'. For example, you must already have 'collateral' to borrow, which implies you only have access to credit if you are already wealthy. You must have good credit, which implies you can only borrow when you have a history of borrowing and have kept to the terms. The terms of course are not always designed with flexibility and fairness in mind if the borrower is poor (e.g. sub-prime mortgages). You can only borrow if you lack the two criteria above if you have a 'counter-signer', which implies that you have better access to credit if you come from a wealthier family who have collateral. Even the Small Business Administration's loan government guarantee falls into accepting many of these basic banking criteria but are these criteria really promoting 'free enterprise' in the sense of promoting equality of opportunity?

Yunis' Grameen Bank turned all this upside down. They gave loans without collateral, they gave loans to groups of women to encourage peer pressure and enhance trust. They gave loans mainly for entrepreneurial activity. They gave small loans, asked for regular repayments (weekly) and gave larger loans as the borrower paid back previous loans. They gave loans in a flexible way, changing the repayment requirements as the borrowers experienced different challenges but never forgave the loan, reduced the interest or completely removed the repayment schedule. What the success of this approach proved is that people are: first, trustworthy and secondly, inherently entrepreneurial.

Pulling these strands together it strikes me that we need to look to micro-lending methods to do a better job of supporting our graduate entrepreneurs and supporting enterprise in areas of rural poverty. Since the Grameen Bank started micro-lending has taken off worldwide. There are many micro-lending organizations in the US and even an association (Association of Enterprise Opportunity) but only six listed members of AEO in Georgia (mostly based around Atlanta) and only to my knowledge Acción based in Savannah. Perhaps this is something we all need to consider examining, should Coastal Georgia be trying to develop more micro-lending opportunities based in the region in order to expand the equality of opportunity and enhance entrepreneurial activity?

Corporate Leadership Council

August 30, 2010

The Corporate Leadership Council (CLC) was a program begun by Dean Ron Shiffler in 2006 for the purpose of providing additional opportunities for our highest-potential Business majors to enhance their leadership skills. Though the program is no longer in existence in its initial form, due to a lack of funding for scholarships in these difficult economic times, the program was a contributor to two new programs, a Business Honors Program, and a COBA Student Advisory Board.

The Business Honors Program is being developed this year to provide a comprehensive experience for our students with high academic potential. Before the CLC was started, there were few opportunities for such students to engage outside of the classroom directly with each other, with faculty, and with the business community. Students with a strong academic record were able to participate in the University Honors Program in the past, but they have not had an honors Business curriculum designed especially for them. This year, using our experience with the CLC as an input, we are putting in place specific honors courses, supplemented by extra-curricular activities. For example, Business honors students will read current business books and will then participate in a discussion about the book that will be hosted by faculty and facilitated by business leaders.

The Dean's office initiated a COBA Student Advisory Board as a means of hearing from student leaders about current and future plans for COBA. As part of the start-up process, Dr. Susan Williams, Associate Dean of COBA presented the idea for the Board to the CLC students. Subsequently, several of the students volunteered to participate in the Board as a means to continue contributing to COBA while simultaneously enhancing their leadership skills.

In sum, though the CLC as we have known it no longer exists, we are pleased with these two new programs that will expand our academic offerings to our highest-potential Business majors and will provide students with practical leadership experience.

Georgia Southern Students in Free Enterprise

August 30, 2010

SIFE is a global, non-profit organization where highly dedicated student teams on more than 1600 university campuses in 40 countries engage in projects. SIFE offers these students the opportunity to develop leadership, teamwork and communication skills through learning, practicing and teaching the principles of free enterprise. The team did well at the regional competition (May 2009 in Atlanta) and were second runners-up in a league of six teams. Dr. Luke Pittaway also became a Sam Walton Fellow and formally Georgia Southern's SIFE advisor.

There is a new executive team this year: Jevon Thomas (President); Will Buchanon (VP of HR); Travis Reeves (VP of Media Relations); Jasmine Jackson (VP of Membership); Michael Sweeney (Treasurer); and, Tierra Kirkland (VP of Project Management).

The GED program which is led by Joshua Ford, collaborates with the Physical Plants Adult Literacy Program and help workers on campus, such as, custodial staff, and kitchen workers, get the opportunity to receive their GED's. The project will help them with the basic subjects Math, Science, English, and Social Studies.

The Funding Factory program, led by Alex Pace, is a project that collects unwanted cell phones and cartridges, and in the process, cash flow is generated from the company that chooses to recycle the products. The Eco-Team, led by Nathan Nathaniel Jackson, works and deals with things that will improve the environment and conserve energy.

Two new team leads, Terrell Flowers and Micheal Bohagen, will be working on the SIFE Book Spills project. This project is geared towards generating money for the SIFE organization. The person involved collects unwanted books, whether it is from a professor or student, and sells the books on EBAY to generate profit. To satisfy the SIFE criteria for Market Economics, team lead, Cierra Steel will be working on a Microeconomics project that will teach students the basic concepts and principles of economics.

New to SIFE this year is the PR team and the Entrepreneurship Expertise project. Team lead, Travis Reeves, will be part of the Entrepreneurship Expertise project. He and his team will join the Small Business Development Center (SBDC) in Statesboro to provide entrepreneurship lectures, business plan competitions, and other entrepreneur based projects for high-school students in the Statesboro community.

The team recently (September) attended a weekend training event at Kennesaw State University and learnt a great deal that they will apply to this year's competition.

Entrepreneurship club

August 30, 2010

The Georgia Southern Entrepreneurship Club has begun its first semester of operation. President Ben Woods (pictured), Vice President Alyssa Oravec (pictured), Secretary Kayla Whaley, and Treasure Brooks Pendleton have many exciting events planned for the future. On campus competitions as well inspiring talks from successful entrepreneurs from the school and community will promote the entrepreneurial spirit. The first event is a bartering competition using bouncy balls as the starting item. Students will compete to obtain the highest valued item, and in doing so increase awareness of the club and its purpose throughout the campus.

Australian Indigenous Entrepreneurs

August 30, 2010

On 7th April 2009 the Center welcomed Simon Down a Senior Lecturer (Associate Professor) at the University of Newcastle Business School (England). Simon is also the Deputy Director of the Centre for Knowledge, Innovation, Technology and Enterprise. His talk was entitled 'Stigmatization and Self-Presentation in Australian Indigenous Entrepreneurial Identity Formation'. Simon gave a fascinating talk about his research on Australian Indigenous entrepreneurs and the challenges such people face in managing their identity as an aboriginal, their identity as an Australian and their identity as an entrepreneur. He talked about the challenges facing indigenous entrepreneurs and explored how they felt marginalized from the indigenous population.

Let's Get Peachy on Entrepreneurship

August 30, 2010

Georgia is the most entrepreneurial state in the nation according to the Kauffman Index of Entrepreneurial Activity published in April 2009. The index reviews new business creation in the US and seeks to capture new business owners in their first month of significant business activity. The April report reviewed entrepreneurial activity over a thirteen year period from 1996 to 2008. While the overall activity rate for the nation stayed the same there were shifts in the demographic and geographic composition of new entrepreneurs across the country. Georgia in 2008 became the state with the highest entrepreneurial activity rate in the country with 590 per 100,000 adults (followed closely by New Mexico). Over the decade Georgia also experienced the fastest increase in entrepreneurial activity with an increase of 0.17 percentage points. So should we celebrate Georgia's success?

Statistics as we know are not always reliable so before we celebrate let us look behind the data. Entrepreneurial activity in the study is defined by two types 'necessity based' and 'opportunity based'. Necessity based entrepreneurship is where individuals engage in entrepreneurial businesses because they have few alternatives whereas opportunity based entrepreneurship is driven more by the opening up of an opportunity that individuals pursue regardless of their personal circumstances. The study certainly shows a recent trend (2007-2008) towards an increase in necessity based entrepreneurship with increases in lower-income and middle-income businesses and actually a decrease in higher income businesses. So the surge in entrepreneurial activity in Georgia might simply be caused by the recession, with possibly the rural areas of Georgia driving a growth in necessity based entrepreneurship. Not an outcome that could be considered positive.

There is, however, another picture that emerges from the data. Georgia over the period has continued an upward trend in its entrepreneurial activity (well before 2007-2008) and this trend has continued. When we look at the data for the fifteen largest metropolitan areas in the United States we discover a different scenario. Atlanta has the highest entrepreneurial activity rate in the nation at 740 per 100,000 adults (its nearest competitor Phoenix is at 550). This paints a picture of a state with a high level of opportunity based entrepreneurship driven by an engine of growth, which is metropolitan Atlanta. Certainly this should be a cause for celebration. Georgia in this scenario, which seems the right one to me, is becoming more entrepreneurial and it has a significant city driving its entrepreneurial growth. Of course there might be some concern for those interested in economic development in Coastal Georgia and in particular Savannah because the scenario also implies that the rate of entrepreneurial activity in other parts of Georgia are likely to be closer to the national average and that the state's data have been skewed by the performance of metropolitan Atlanta.

Entrepreneurial Capabilities

August 30, 2010

The entrepreneurship emphasis at Georgia Southern continues to develop. This semester a new course is being delivered for the first time. In the course New Venture Planning teams of students are developing business concepts and spending the semester working on them and developing them into fully worked out business propositions (business plans). They are pitching these plans to a panel of real investors and local entrepreneurs. Also this semester the Entrepreneurship course on the MBA program has begun with a very similar design. Concepts being developed, for example, include: new forms of roofing; kinetic energy battery chargers and adult 'gladiator' soft play entertainment venues.

Entrepreneurial Visits

August 30, 2010

Thank you to Murray Knight and Wendel Wilson of Southern Hospitality Group the owners of the Marriott SpringHill Suites in Statesboro who hosted a visit by our entrepreneurship students on Tuesday 22nd September. The students had a tour of the hotel and the conference center and were invited to interview the owners. We would also like to thank Jen Nunn a recent graduate of the Hotel & Catering program for organizing the event.

If you have suggested entrepreneurship visit in mind for students do contact me.

Speakers Corner

August 30, 2010

We would like to recognize and thank all those local entrepreneurs and speakers who have contributed to the entrepreneurship program from Feb 2009 to September 2009. Simon Down (The University of Newcastle, England); Daniela Trajkovska (Accion); Allen Muldrew (Downtown Development Agency); Seth Michalak (Balaya); Jim Williams (J.M. Williams Inc); Rachel Edwards (Wright & Edwards); Swaine Nichols (PAB Bank); Ervin Williams (Savannah State University); Barry Turner (Sugar Magnolia Bakery & Ogeechee Technical College); Jim and Faye Dever (Florida State University); Mark Anderson (Joiner Anderson Funeral Homes); Ron Medinger; and, Ken Meinhardt (Meinhardt Winery).

Please also accept our apologies and thanks if you have contributed to our program and we have missed mentioning you here.

Student Scholarships


August 30, 2010

The Center has undertaken an audit of student scholarships available each year for students engaged in entrepreneurship and small business. Total student scholarship funds are currently running at \$24,000 a year. We are very grateful to Mark Anderson who recently amended his scholarship to be linked to the entrepreneurship program and Howard Lumber who has funded a new scholarship. If you would like to link an existing student scholarship to our program or donate a new one please do contact me.

Entrepreneurial Resources

August 30, 2010



 The Center's resources bank is now open and can be found in room 2252 in the College of Business Administration. The Center now has available books, magazines, journal articles, computers with business planning and small business accounting software and a growing number of business concept ideas generated by students. If you are looking for a business idea, come and take a look at the resources center. You may also be able to help. We are still looking for any donated books that focus on entrepreneurship and small business management.

Entrepreneurs-in-Residence and Entrepreneurial Fellows

August 30, 2010

Georgia Southern University has agreed to begin a program of recruitment of entrepreneurs-in-residence and entrepreneurial fellows. Both roles are voluntary but designed to be prestigious in recognizing the entrepreneurial successes of local people. The entrepreneurs-in-residence are entrepreneurs, who are typically retired, who would like to give back to the community by providing their entrepreneurial experience two days a week. Two current opportunities exist for entrepreneurs-in-residence, to help develop a program of support for students trying to start businesses and to drive forward our support and activities for local entrepreneurs.

Entrepreneurial fellows are practicing entrepreneurs who are prepared to give at least 10 hours of their time each semester to be engaged in our teaching and learning. If you are interested in these roles or know somebody who might be please contact Dr. Luke Pittaway.

We would like to welcome two newly appointed entrepreneurial fellows:



Uly Knotts III, who is currently the CFO and CTO of the Sack Group of Companies and an innovative serial entrepreneur of 35 years experience including building a start-up from inception to a publicly traded company in 11 months. Uly is tutoring MBA students on their business plans.



Larry Zaslavsky is a qualified CPA and attorney who has a history of entrepreneurial experience going back to 1975. He has owned, been a CEO or CFO of over 15 companies ranging from Candy Distributor, through Job Placement to a Hedge Fund. He retired and for fun invests in real estate in Hinesville, Rincon, Statesboro and Savannah. Larry is also tutoring MBA students on their business plans.

Eagle Entrepreneur Exchange

August 30, 2010

The Center and the Georgia Southern Development Office in Atlanta are in the process of starting an alumni entrepreneur exchange program. It provides opportunities for our alumni entrepreneurs to meet, network and learn about running businesses from each other. So far two events have been held. The first event in Atlanta on 23rd April provided an introduction to the exchange idea, it involved a lunch and a discussion on 'strategies for surviving the downturn'. The second meeting held in Atlanta on the 20th August involved a small steering group of alumni entrepreneurs who met to discuss how to take the exchange forward and develop activities that are useful. Thank you to Mike Larson (Armstrong Glass); Tom Hughes (National Electronic Attachment); Eric Pucciarelli (Oxygen Financial); and, Margot Dawkins (Advertising Novelty Company) who attended and contributed to the initial principles for the Eagle Entrepreneur Exchange.

A third event is to held on November 10th. Tom Hughes, CEO of National Electronic Attachment recently listed in the Fortune 5000, has agreed to talk about 'the challenges of growth'. We are also very grateful to Tom for his sponsorship of the Eagle Entrepreneur Exchange program. The Center is interested in beginning groups in Statesboro and Savannah, so if you are interested in helping to organize a meeting of alumni entrepreneurs please let Dr. Luke Pittaway know.

Eagle FastPitch

August 30, 2010

The Center will be running the first annual Eagle FastPitch Competition on November 6th 2009 at the Holiday Inn in Statesboro. Eagle FastPitch is a competition for individuals who have a new venture idea or who have a new idea in an existing venture. There are three categories of competitor: student entrepreneur; faculty or staff entrepreneur; and, local entrepreneur. The competition is open to residents of Statesboro and the seven surrounding counties. Competitors get help developing a three minute pitch, a short business summary and mentoring support. A cash prize of \$250 and a trophy will be awarded to the winner of each category and there will be an opportunity to meet prospective investors. We are welcoming sponsors for this annual event, if you are interested contact Dr. Luke Pittaway and thank you to the existing sponsors who are: Joiner Anderson Funeral Homes; the Small Business Development Center (Statesboro); and, Southeastern Hospitality Services (Holiday Inn, Statesboro).

Advisory Board Meeting

August 30, 2010

The first Advisory Board Meeting for the Center was held on Thursday April 30th. The meeting convened for lunch at 12:30pm. During the day Board members discussed the strategic developments and explored the details of some of our activities. Advisory Board Members were particularly impressed with a series of student presentations that followed the formal meeting.

- We were given insights into the new Entrepreneurship Club by Ben Woods

And they were impressed by the entrepreneurial verve of:

- James Kicklighter (a student of Georgia Southern) a director and producer of films who started his business at 14.
- Andres Montes, from the Hearts and Hands Clinic, a student run medical clinic for those without insurance being established in Statesboro.
- Joseph Lovins who focused on a Georgia Southern faculty spinoff in Accident Crash Notification Systems.

Thank you to all those involved.

William A Freeman Memorial Lecture 2009

August 30, 2010

The Center had its first William A Freeman memorial lecture on Thursday April 30th in honor of Mr. William A Freeman, a 1957 graduate of Georgia Southern University and keen supporter of the University who endowed the William A Freeman Chair in Free Enterprise, the Freeman scholarships and COBA's Professor of the Year Award. We welcomed back alumnus Ric Tomlinson ('73 BBA), president and CEO of Univest Investments Inc., who delivered the lecture titled "Entrepreneurial Leadership Through Stormy Waters" in the Assembly Hall at Nessmith-Lane Building.

We also welcomed back former Dean Carl Gooding who introduced Ric to the audience and provided insights about his friend and mentor, Bill Freeman. We were also honored to host Lee Freeman, one of Bill's sons, at the event. We had an excellent turn out from students and faculty who came to listen to Ric while he offered some great insights into the development of his company. Ric shared parts of his life story and provided answers to a hypothetical question he posed "What resources do you need to navigate through stormy waters". He argued that we are in the midst of a financial "hurricane" and to survive, we must have the following: a plan, a vision, charts (to guide us), a GPS system (to make sure we don't get lost), and a contingency plan. We are very grateful to Ric for such excellent insights and we know the students gained a great deal from the lecture.

The Economic Downturn and Venture Capital

August 30, 2010



Reflecting on this year is an unwise job and fraught with painful memories. We've all argued over the bailout for banks, worried about the support given to AIG and agonized over the measures for the ailing automotive industry. While we are trying to recover 'big industry' we have lost sight of the role that smaller businesses and in particular entrepreneurial businesses may have in any recovery. As Schumpeter wrote during the great depression "*Economic progress, in capitalist society, means turmoil*". Progress will be achieved once we reemerge from the period of 'creative destruction' that we have just entered and entrepreneurial firms will play a key role.



In the interests of hope at this time of year and for evidence of a recovery we might look for the green shoots somewhere in the figures for informal (angel) and venture capital investing. The immediate impact of the economic downturn, however, is likely to hit this part of the economy as it does everything else. Venture capitalists are dependent on funds available within wider financial markets and angels, having seen a significant hit on their personal wealth, are likely to become more cautious. There is also an alternative argument, investment in entrepreneurial opportunities, which were once seen as risky propositions, can become more attractive as other markets begin to look less attractive. So what is happening? A recent study by the University of New Hampshire's Center for Venture Research published towards the end of 2008 shows that in the first two quarters of the year there was a positive level of angel investment activity. In fact there was a slight increase of 4.3% from 2007, total investments for 2008 reached \$12.8 billion and these were in 23,100 ventures. The researchers identified that there were fewer businesses than in 2007 but that they received greater amounts of money. Despite this 'rosy' picture the researchers found that angel investors were becoming more cautious. They were investing in fewer deals, reducing their risks by involving more co-investors and were shifting money from earlier stage investment to later stages. Like all academic research this is a limited picture and doesn't include the decline in wealth that angels may have experienced during the collapse of financial markets and the implications this may have for future investment. So ultimately we need to 'watch this space' on angel investment, if it declines rapidly then the scope for entrepreneurial businesses to drive an economic recovery may be hindered.



The data on venture capital (VC) investment is equally interesting and it covers up to the 3rd quarter of 2008. Unfortunately, it doesn't look good. Third quarter fund raising by VCs dropped six percent and they expect it to continue to decline. Firms that seem to continue to prosper in the VC market have been those that have experience and the number of follow-on funds (those managed by existing businesses) has stayed high. The prospects for the future do not look good here. VCs can only invest in new entrepreneurial businesses if they can exit from their existing investments, recycling the cash. The market for exits, however, is very poor and is the lowest level since 1977. In fact in 2008 there were only six venture-backed initial public offerings (IPOs) where firms are listed on a market.

Bad though the picture looks the irony is that angel and VC investment is only a small proportion of all investment in entrepreneurial ventures; much more comes from family and friends. Hope is something we can all influence. So, if you know somebody who has a New Year resolution to start a business, do everything you can to help, it might just save the economy.

The Effects of Business Failure

August 30, 2010

Jim Dever, from Florida State University's Jim Moran Institute for Entrepreneurship visited the Center for Entrepreneurial Learning on January 23rd and he came to talk about ***The Effect of Business Failure on the Portfolio Entrepreneur***. Jim was an interesting speaker because he is an entrepreneur who retired at the age of 41 having owned and operated many successful businesses during his 20 year entrepreneurial career. Those businesses included trucking companies, motels, restaurants, a construction company, and other assorted ventures. At the age of 50 he returned to college in order to obtain the bachelor's degree he never completed in the 1960's. In January of 2009, Jim will complete the requirements for his PhD in Entrepreneurship at the University of Strathclyde in Glasgow, Scotland. His thesis investigates the effect of failure on portfolio entrepreneurs, which he talked about at the seminar. Jim had some really powerful insights about the impact of a business failure on the entrepreneur and on the other businesses that they own. We were also very grateful to Jim for his practical insights on entrepreneurship and for telling us about his fascinating life story as an entrepreneur turned academic.

Publishing Across Disciplines

August 30, 2010

Nicole Coviello, is a Professor at Wilfrid Laurier University in Canada and is also a research fellow at the University of Glasgow, Scotland. She presented a seminar, ***Publishing Across Disciplines: A Long and Winding Road***, to research professors from across campus on December 4th. Dr. Coviello identified the networking focus of her research work across the marketing, international management and entrepreneurship disciplines, reflecting upon the success, risk, and the opportunity of multi-disciplinary inquiry.

Georgia Southern Entrepreneurship Club

August 30, 2010



The students at Georgia Southern University are currently in the process of founding an Entrepreneurship Club. The founding president Ben Woods (pictured above), who is the Freshman Freeman scholar, have just written their constitution, have recruited their first student members and formed an executive board. The Entrepreneurship Club will be running competitions around campus to promote entrepreneurial behavior via fun activities. The first event under consideration includes a bartering competition where students teams trade items with other people within a time period to try to be the team that finishes with the most valuable item. They will start by trading YoYos! The Entrepreneurship club is also negotiating the showing of a film about 30 entrepreneurs under 30.